

*Family Pension Benefits
for Teachers
in England and Wales*

*Report of the Official Working Party
on Pensions for Widows, Widowers,
Children and other Dependants of
Teachers in England and Wales*

LONDON

HER MAJESTY'S STATIONERY OFFICE

The Official Working Party was appointed by the Minister of Education in March, 1964, with the following terms of reference:

'In the light of the report of the working party appointed by the associations of local education authorities and education committees, the London County Council and the teachers' associations, to prepare a scheme or schemes of pensions for widows, widowers, children and other dependants of teachers in England and Wales for consideration by the Minister and the bodies represented on the working party.'

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LETTER FROM THE CHAIRMAN OF THE OFFICIAL WORKING PARTY FORWARDING
THE REPORT TO THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE

13th January, 1965.

Dear Secretary of State,

In March, 1964, Sir Edward Boyle, who was then Minister of Education, set up the above Working Party under my chairmanship to prepare a scheme of pensions for widows, widowers, children and other dependants of teachers in England and Wales for consideration by the Minister and the bodies represented on the Working Party. We have now completed our task, and I have pleasure in submitting our report, which is unanimous, for your consideration. The Working Party have asked me to request you to arrange for the report to be published and brought to the notice of all those concerned as soon as possible for their consideration. We hope that a decision about our proposals may be reached at an early date.

Yours sincerely,

W. D. PILE

Chairman.

Rt. Hon. Michael Stewart, M.P.,
Secretary of State for Education and Science,
Curzon Street,
London, W.1.

LETTER FROM SECRETARY OF STATE IN REPLY TO CHAIRMAN'S LETTER SUBMITTING
REPORT

18th January, 1965.

Dear Mr. Pile,

Thank you for your letter of 13th January, submitting the report of the Official Working Party on Pensions for Widows, Widowers, Children and other Dependants of Teachers in England and Wales.

I am glad to tell you that I, for my part, could accept the schemes the Working Party have outlined, and I share the Working Party's hope that a decision may be reached at any early date. I am, therefore, arranging for the report to be published without delay and am inviting all concerned to let me have their views as soon as possible.

I am very grateful to the Working Party for the work which they have done in preparing this report.

Yours sincerely,

Michael Stewart.

W. D. Pile, Esq., M.B.E.,
Department of Education and Science,
Curzon Street,
London, W.1.

Report

I. Introduction

1. Sir Edward Boyle, who was then Minister of Education, appointed us in March, 1964, with the following terms of reference:

'In the light of the report of the working party appointed by the associations of local education authorities and education committees, the London County Council and the teachers' associations, to prepare a scheme or schemes of pensions for widows, widowers, children and other dependants of teachers in England and Wales for consideration by the Minister and the bodies represented on the working party.'

We have held six meetings. At our second meeting we had the benefit of advice from officers of the Chief Inspector of Taxes Branch of the Inland Revenue.

HISTORICAL BACKGROUND

2. Our terms of reference required us to act 'in the light of the report of the working party appointed by the associations of local education authorities and education committees, the London County Council and the teachers' associations ' and some reference to past history is needed to make clear the meaning and importance of this requirement.

3. Under present conditions the only benefits available to widows under the Teachers (Superannuation) Acts are a death gratuity, which does not usually exceed one year's salary, and a pension under the 'allocation' arrangements whereby a teacher can, at the age of 60 or later, subject to a satisfactory medical examination, surrender part of his annual allowance in return for benefits for his wife or other dependant. The lack of more comprehensive provision for widows, such as is available in other public service schemes, has long been recognised as a major deficiency in the superannuation schemes for teachers both in Scotland and in England and Wales. Considerable thought has been given to the problem over the years and an admirable summary of past events on both sides of the border is contained in the report of a Working Party on Pensions for Widows, Widowers, Children and Other Dependants of Teachers in Scotland which was published in July, 1962. The Report proposed for the consideration of the interested parties an entirely new approach to the problem of widows' pensions. The basis of this approach was that widows' pensions should be financed not, as had hitherto been suggested (and, indeed, provided for by legislation), by deduction from the benefits payable under the main superannuation scheme, but by additional annual contributions. In the opinion of the Scottish Working Party, a scheme on this basis had a number of advantages which offered the prospect of a real improvement on any form of provision previously considered.

4. Following the publication of the Scottish Working Party's Report, representatives of the teachers' associations in England and Wales sought a meeting with Sir Edward Boyle to discuss the problem of pensions for the widows of teachers

in England and Wales. At this meeting Sir Edward strongly reaffirmed the Government's policy that it would not agree to a widows' pension scheme which involved a sharing of costs by the Government. As regards the Scottish Working Party's Report, he stated that, while he could not at that stage commit the Government in detail, he thought that progress might be made on the lines suggested in the Report. In his view, however, the first task was for the teachers to consult their employers, the local education authorities. The teachers' associations accepted this advice and, as a result of the consultations, the working party referred to at the beginning of our terms of reference was set up. It reported in July, 1963.

5. The main recommendation of the local authorities' and teachers' working party was that the Minister of Education should be asked to appoint an official working party comprising representatives of his Department, the Government Actuary's Department, the local authority associations and the teachers' organisations to prepare a detailed scheme of pensions for the widows, widowers, children and other dependants of teachers in England and Wales. They also recommended that such a scheme should include elements based on the proposals in the Scottish Working Party's Report and, in particular, that it should be financed by periodical contributions rather than by deduction from main scheme benefits. The working party stated specifically in their report that it was beyond their terms of reference to consider whether the scheme should be based on shared contributions. They recorded, however, that the teachers' representatives had indicated that they were still in favour of shared contributions but, subject to that general reservation, their report was unanimous.

A SHARED COST SCHEME

6. At the outset of our own discussions, the teachers' representatives reaffirmed their long standing desire for the cost of any widows' pension scheme to be shared by the Government and the local authorities, a request which neither the Government nor the local authorities had been prepared as a matter of policy to grant. The arguments on both sides are clearly set out in paragraphs 21 to 28 of the Scottish Working Party's Report and they apply, with some small necessary changes, equally to England and Wales. The teachers' representatives on our own Working Party, however, wished it to be placed on record in this Report that their participation in our deliberations was without prejudice to their policy in this matter, which they wished to re-emphasise. The representatives of the Government and the local authorities, for their part, likewise reaffirmed the contrary policy of their appointing bodies. The Departmental and local authority representatives further wished it to be recorded that if they bore the administrative costs of a scheme of the type the Working Party were considering—costs which would substantially exceed those of a much simpler scheme, like the one proposed in 1956 and financed entirely by deduction from main scheme benefits—they would, in effect, be making a significant contribution. This, as indicated in paragraph 38 of the Scottish Working Party's Report, had been recognised by the Inland Revenue. The Department's representative also pointed out that the tax reliefs available on the proposed contributions represented a substantial contribution from the Government and, moreover, that if the Government were to share the cost directly it might feel bound to deny this relief to teachers as it was already denied to civil servants.

7. Our terms of reference required us to prepare a scheme or schemes of pensions for widows, widowers, children and other dependants of teachers for consideration, as we understood it, without commitment by the Minister or any of the bodies represented on the Working Party. We have outlined in some detail, in Appendices I and II, the schemes we have prepared and which, in our opinion, represent the best terms that can be offered within the framework to which we were committed. We refer, in the following section of our Report, to certain aspects of our suggested schemes which we found, during the course of our deliberations, warranted special consideration, whether by reason of their importance or their complexity or both. We hope that these comments and explanations will be helpful to the bodies who, in due course, will be required to pass final judgement on our proposals.

II. Commentary

FINANCIAL BASIS AND RATE OF CONTRIBUTION

8. For a scheme providing benefits of the kind available generally in the public service the Scottish Working Party suggested two alternative methods of administration—an 'account' scheme, administered in the same way as the main teachers' superannuation scheme but operating with a separate account, and a 'funded' scheme, operated under a Board of Management who would suitably invest surplus income. The local authorities' and teachers' working party mentioned in our terms of reference recommended a funded scheme, and we understood that this was the basis preferred in Scotland. None of our members questioned the wisdom of this choice, which carried with it the possibility that favourable investment might eventually produce a surplus at valuation which could enable benefits to be increased or contributions reduced.

9. The teachers' representatives were naturally concerned that the rate of contribution should be set at the lowest possible level, and wished to explore the possibility of even a marginal reduction. The representative of the Government Actuary's Department advised against any reduction in the two per cent. rate proposed in the Scottish Working Party's Report. Although the proposed scheme for England and Wales would cover more teachers than the Scottish one, this would not of itself affect the rate of contribution. The larger amounts available for investment under this scheme could be an advantage, as would be the somewhat lower mortality rates. These favourable factors would not, however, warrant a reduction of contribution but rather the expectation of more favourable experience which would become apparent at actuarial investigations and might eventually result in slightly more advantageous terms.

10. The Working Party noted that the rate of two per cent. had been calculated on the basis of a long-term rate of interest of $3\frac{1}{2}$ per cent., and we gave some consideration to the possibility of assuming a higher interest rate which, for the same level of benefits, would reduce the calculated rate of contribution below two per cent. Here again we felt that the only course was to rely on actuarial advice. The representative of the Government Actuary's Department pointed out that pensions were related to final salary and rising levels of salary would cause considerable strain on the Fund. The long-term rate of interest had been fixed at $3\frac{1}{2}$ per cent. (compared with the current rate on long-term gilt-edged securities of about six per cent.) so that there were prospective margins to set

against the cost of future changes in salary levels. The effect of raising the assumed interest rate to four per cent. might be to reduce the contribution to about 1½ per cent. but he strongly advised against any such reduction at the outset. If, after the scheme had been in operation for some years, it became apparent that surplus funds were being accumulated, consideration could then be given to the possibility of reducing the contribution or improving the benefits. We have therefore unanimously recommended that, at the outset of the scheme, the gross contribution should be two per cent.

INCOME TAX

11. One of the chief advantages of the Scottish Working Party's proposals for a widows' pension scheme financed by annual contributions is that the contributions would attract income tax relief. At many points in our deliberations income tax considerations appeared to be important, if not decisive; and although income tax would normally be regarded as the province of the specialist, some understanding of income tax law is necessary for an appreciation of our proposals. We have, therefore, thought it desirable to set out at this early stage in our Report the main provisions of the Income Tax Acts affecting schemes of this type, and to explain their effect.

12. Teachers will naturally be most interested in the tax relief they may be able to obtain on their contributions. To understand this it is necessary to examine in detail the effect of the provisions of both Sections 225 and 379 of the Income Tax Act, 1952, which are relevant to the schemes we have prepared.

13. Section 225 allows tax relief on an employee's contributions for widows' pensions on the basis set out in the following table:

<i>Amount of total income (1)</i>	<i>Rate of relief granted on contributions (2)</i>	<i>Net outlay* (3)</i>
Not exceeding £1,000 per annum	One half of the standard rate of income tax	1.59 per cent. of salary
Exceeding £1,000 but not exceeding £2,000 per annum	Three quarters of the standard rate of income tax	1.38 per cent. of salary
Exceeding £2,000 per annum	The full standard rate of income tax	1.18 per cent. of salary

It is important to recognise, as the Scottish Working Party pointed out, that this relief is a relief of tax and not an adjustment of taxable income. Thus the statements in Columns (2) and (3) apply irrespective of the rate of tax actually paid by the employee. An example may make this clear:

Gross salary	£1,100
Gross contribution	£22 (two per cent.)
Relief ($\frac{8}{3}\text{d.}$ $\frac{1}{1} \times \frac{8}{3}\text{d.} \times £22$)	£ 6 16s. 2d.
Net contribution	£15 3s. 10d. (1.38 per cent.)

This calculation applies whether the contributor is actually paying tax at the standard rate (say, as a single man) or at a lower rate (e.g. as a married man with a family).

*On two per cent. contributions at the standard rate (8s. 3d. in the £).

14. *Section 379* provides that the contributions to a funded scheme may be deducted from income for the purpose of assessing tax. In arriving at the net contribution outlay, therefore, it is necessary to calculate the tax that would have been paid on the contribution but for the provisions of *Section 379*, and deduct this from the contribution. It is also necessary to remember that there is tax relief on earned income at the rate of $\frac{2}{9}$ ths and that tax is applied only to the remaining $\frac{7}{9}$ ths. For example, assuming tax is payable at the standard rate of 8s. 3d. in the £:

Gross salary	£1,100
Gross contribution	£22 (two per cent.)
Tax on gross contribution would be	$\frac{7}{9} \times \frac{8/3d.}{£1} \times £22$ £ 7 1s. 2d.
Net contribution	£14 18s. 10d. (1.36 per cent.)

Some younger teachers, however, especially the married ones with children, would not pay tax at the standard rate on any of their income. The net contribution outlay of a teacher paying tax only at the lower rate of 6s. would be 1.53 per cent., and that of a teacher paying only at 4s. would be 1.69 per cent. It should be noted that the calculation under *Section 379*, by reducing taxable income, also reduces the earned income allowance.

15. The Scottish Working Party's Report indicated that in-service teachers would gain tax relief on their contributions under *Section 379*, and new entrants under *Section 225*. After further consideration of the draft Scottish regulations and our own proposals, the Inland Revenue authorities advised us that, within the limits specified in paragraph 16 below, all ordinary annual contributions to the proposed scheme would qualify for relief under *Section 225*; this would cover the two per cent. contributions for service after entry into the scheme for both new entrants and in-service teachers, and any additional annual contributions paid by in-service teachers for past service (Methods I and II, Appendix I). The relative advantages of the two sections differ according to the circumstances of the individual teacher, although the differences are comparatively slight. It is not possible for any tax option to be exercised, either by the individual or the scheme, since *Section 379* provides that no allowances shall be made under it in respect of payments for which relief can be given under *Section 225*; in other words, *Section 225* has precedence, and it is under this section, therefore, that, subject to the points below, all ordinary annual contributions as defined above would qualify for income tax relief.

16. We were advised, however, that there were two areas to which *Section 225* could not apply, and in which the only relief available would be under *Section 379*. In the first place, *Section 225* applies to contributions to secure benefits for widows and children only: in a dependants' scheme tax relief could be allowed only under *Section 379*. Secondly, relief under *Section 225* on ordinary annual contributions could not be given on the excess of contributions over £100 per annum (or in exceptional cases a lower figure related to the contributor's taxable income). Any balance of such contributions on which relief could not be given under *Section 225* would qualify for relief under *Section 379*.

17. There remains to be considered the contributions that in-service teachers may pay in respect of past service by means of deductions from main scheme benefits (Method III, Appendix I). We were advised that such contributions

would not qualify for relief under Section 379. Provided that the regulations under which the scheme was implemented satisfied the Inland Revenue, relief could be given under Section 225, but the £100 limit would still apply, and any current and past service contributions paid within the same tax year would reckon towards it (though not the six per cent. contributions paid under the main scheme). Any benefit from this source would therefore be comparatively small.

18. The above paragraphs deal with the tax relief that may be granted on an individual teacher's contributions. A quite separate, more fundamental but fortunately more straightforward, issue is the approval of the fund itself by the Inland Revenue authorities so that its investment income may be tax free. This approval has to be given under one of the sections of the Income Tax Act, 1952, which we have already been considering, i.e. Section 379. We have been advised that the arrangements we have outlined in the Appendices would satisfy the conditions for approval under this Section. We do not consider it necessary to rehearse all those conditions in this Report. There is, however, one in particular that has an important and direct bearing on the extent to which an in-service teacher can cover past service by means of additional annual contributions as opposed to deduction from main scheme benefits. The condition in question is that the aggregate rate of a teacher's contributions, including contributions to the main scheme, should not exceed 15 per cent. of

PAYMENT FOR SERVICE PERFORMED BEFORE ENTRY INTO WIDOWS' PENSIONS SCHEME
EFFECT OF SEVEN PER CENT. LIMIT ON ADDITIONAL CONTRIBUTIONS

<i>Age of teacher at last birthday before entry into Scheme</i>	<i>Using Method I with Method III</i>		<i>Using Method II with Method III</i>	
	<i>Additional annual contributions to age 60 (percent- age of current salary)</i>	<i>Percentage of pensionable salary to be deducted from lump sum</i>	<i>Additional annual contributions to age 65 (percent- age of current salary)</i>	<i>Percentage of pensionable salary to be deducted from lump sum</i>
(1)	(2)	(3)	(4)	(5)
45	3.84	—	3.12	—
46	4.50	—	3.50	—
47	5.20	—	3.90	—
48	5.67	—	4.32	—
49	6.44	—	4.76	—
50	7.00	2.5	5.22	—
51	7.00	12.5	5.70	—
52	7.00	21.0	6.20	—
53	7.00	30.0	7.00	.4
54	7.00	39.8	7.00	9.6
<i>Age of teacher</i>				
55 yrs. 6 mths.	7.00	50.0	7.00	20.2
56 yrs. 6 mths.	7.00	59.8	7.00	29.2
57 yrs. 6 mths.	7.00	70.4	7.00	36.9
58 yrs. 6 mths.	7.00	80.6	7.00	46.5
59 yrs. 6 mths.	By deduction only	91.2	7.00	53.0

Note:

- (i) This table assumes continuous pensionable service from age 21½ until entry into the Scheme.
(ii) For ages at which the maximum annual contributions of seven per cent. applies, the service purchased by such contributions has been taken to the nearest month.

salary, and the regulations would have to provide that this limit should not be exceeded. Since all participants in the proposed scheme would in any case be paying eight per cent. (i.e. the normal six per cent. under the main scheme plus two per cent. under the widows' scheme for service after entry), additional contributions for past service would have to be limited to seven per cent. This would, of course, restrict the amount of past service that teachers nearing retiring age could purchase by this method, even if they were prepared to undertake heavy commitments for a few years. If they wished to purchase a substantial period of past service they would have to rely mainly on deductions from the lump sum. This is illustrated in the table opposite. A small exception to this rule could be made in favour of teachers already paying substantial additional contributions under Section 19 of the Teachers (Superannuation) Act, 1956, i.e. those 'buying-in' previous experience which was of value to them as teachers. If they were already paying an aggregate of over 15 per cent. by way of main scheme and additional Section 19 contributions, the Inland Revenue would allow them to contribute, in addition, the basic two per cent. under the widows' scheme without withdrawing tax relief. In such cases, service before entry into the scheme could be covered only by deduction from main scheme benefits.

PARTICIPATION OF WOMEN

19. The Scottish Working Party's Report recommended that a scheme should be provided which admitted married women teachers with dependent husbands and widows in teaching service who had children and that provision might be made, so far as practicable, for other dependants of teachers. It has, in fact, always been common ground that any scheme for teachers' widows should be extended or matched by some provision for other dependants, including husbands and children, and in view of the large number of women in the teaching profession this is clearly desirable. We outline in Appendix II a possible scheme of this kind which, like that available to civil servants, is voluntary and requires contributions related actuarially to the age and sex of the teacher and the beneficiary. The benefits of the scheme we suggest are, however, more flexible than those available to the dependants of civil servants.

20. The local authorities' and teachers' working party in England and Wales had recommended a thorough examination of the more fundamental proposition that all members of the teaching profession should be brought within an all-embracing scheme under which women would be required to participate compulsorily. In view of this recommendation, we made a thorough assessment of the proposition with the results set out in paragraphs 21-29.

21. First of all, we found it necessary to ascertain the position under the Income Tax Acts. Of the two relevant provisions explained in paragraphs 13 and 14, we were advised that Section 225 applied to payments made by a person for the purpose of securing a deferred annuity for his *widow* or provision for his *children* after his death. Section 379 applied to funds providing annuities for '*widows, children or dependants*'. We were advised that in neither case could the word '*widows*' be construed as including widowers, and it was clear therefore that, if women teachers were forced to participate and benefits were to be payable to non-dependent husbands, it would not be possible for the Inland Revenue authorities to approve the whole of the fund, and tax relief could not be granted on their contributions.

22. Further problems arose from the requirements of the Income Tax Act that the benefits should be in the form of annuities. A scheme embracing all teachers would include a large number of contributors, such as bachelors and most single and married women, who throughout their careers would have no eligible beneficiaries under the provisions of the scheme. They would naturally expect all their contributions to be refunded. We were advised that the Inland Revenue would be unable to approve a fund which made such provision because it would, to a considerable extent, be providing lump sums by way of return of contributions and not annuities, as the Income Tax Act requires. A scheme which did not provide for any return of contributions would, however, be capable of approval under Section 379 because the benefits would be annuities only.

23. As it would clearly not be in the best interests of the teaching profession to accept a scheme which did not enjoy the valuable advantage of tax relief, a possible scheme enabling women to participate compulsorily would have to be one in which there was no return of contributions to any contributor. This would enable tax relief to be granted and would, incidentally, greatly simplify administration. In spite of the obvious disadvantages, we asked our Secretariat to prepare a paper outlining the possible features of a scheme of this kind.

24. The information which the Secretariat provided began by drawing attention to the basic features of the scheme, i.e. that all teachers whether men or women entering service after an 'appointed day' would be required to participate; that there would be no return of contributions, so that the great majority of women teachers and bachelors would suffer a clear financial loss (it was pointed out that statistics of the Civil Service Dependents' Scheme, a shared-cost scheme and thus likely to be attractive to those wishing to provide for dependants, showed that only about 1 in 750 women civil servants took advantage of the Scheme); that benefits could be provided only for widows and dependants; and that tax relief for women would be granted under Section 379, not Section 225. Benefits for widows, children and other dependants could be on the same basis as those recommended for a widows' and children's scheme (Appendix I).

25. The critical question was the rate of contribution. If it were possible to look at the position of new entrants in isolation, and all new entrants had compulsorily to join the scheme, the Government Actuary could have regard to the fact that something like one half of the contributors would receive no benefit from their contributions, which would then accrue to the fund. No exact calculation was made, but it could be assumed that, on this basis, contributions could be reduced to something of the order of one per cent., further reduced in most cases by income tax relief to a net figure of .68 per cent. The finances of the scheme would, however, be vulnerable to any future changes in the balance of the sexes within the profession.

26. The position of in-service teachers had, however, to be considered. Under the arrangements proposed such teachers would have an option whether or not to participate in the scheme. It was doubtful, to say the least, whether many teachers would opt to participate unless they had some prospect of receiving a benefit. In fact, the only safe assumptions on which the Government Actuary could proceed would be that the majority of married men would participate, while the majority of women and bachelors would not. Even if some teachers were willing to submit to a levy of one per cent. of salary for

'current service' to benefit their married colleagues, it would be unrealistic to expect them to pay the amounts necessary to cover years of past service. In these circumstances, the initial rate of contribution could not be fixed below two per cent. and it would be many years before any appreciable reduction could be recommended. The difficulties of the older married male teachers in paying for their past service would not be alleviated in any way.

27. To enable the initial rate of contribution to be reduced to a figure of the order of one per cent. it would be necessary to require all in-service teachers to participate. This would be contrary to universally accepted practice in matters of this kind and, small though the contributions would be, it might give rise to cases of genuine hardship among the class of teachers whom the scheme was particularly designed to benefit, i.e. those with family responsibilities whose incomes had already been heavily committed to providing for their dependants through life assurance or by other means.

28. Apart from difficulties over existing teachers, a more serious problem would arise about the equity of requiring contributions without the possibility of their return from groups of teachers who would have very little prospect of benefiting from them. Even if the great majority of women teachers agreed to a scheme of this kind, there might be important minority groups to whose protests it would be difficult to find a satisfactory answer. It was, in any case, questionable whether the Secretary of State would be prepared to impose it by legislation on the whole body of future teachers. The Government Actuary's Department, moreover, wished it to be placed on record that they could not recommend such a scheme; for an occupational scheme, such as the teachers', they considered it essential that the arrangements should be based on sound actuarial principles.

29. At the request of the teachers' representatives we have recorded the results of our investigations for the benefit of those who will have to consider our Report. In view of the difficulties described in the preceding paragraphs, however, we came to the conclusion that we should not put forward a detailed scheme of this kind.

TEACHERS DYING AFTER LESS THAN TEN YEARS' SERVICE

30. The Scottish Working Party followed the general pattern of widows' pensions schemes in the public service in recommending that widows' pensions should be provided only where the teacher had completed ten years' service. This was, however, one of the points to which the local authorities' and teachers' working party directed special attention. We agreed with them that, with the trend for earlier marriage and the substantial period of training now necessary before entry into service, to say nothing of the special problems of late entrants, a ten years' qualifying period was unduly restrictive for the teaching profession and would cause hardship in a number of deserving cases.

31. The local authorities' and teachers' working party considered, in effect, that a life pension for a woman widowed at an early age would be inappropriate and excessively expensive. They suggested that a capital payment of, say, one year's salary would be more suitable. When we examined this proposal, however, we found that the capital payments proposed could not be approved by the Inland Revenue. Eventually, we discovered that a solution to the difficulty could be found on the lines of the National Insurance widowed mother's allowance. This allowance is payable only to widows who have dependent children,

and ceases when all the children become self-supporting. Allowances of this kind, being in the form of pensions, are acceptable to the Inland Revenue; they largely meet the points made by the local authorities' and teachers' working party because the conditions of payment should normally ensure that they are payable only to those who really need them, and continue only so long as the need persists; and if, as we recommend, they are combined with children's allowances, the amount of help they provided would be, to a large extent, matched to the need. Our recommendations for this form of benefit are set out in paragraphs 27 and 30 to 33 of Appendix I. In spite of the valuable cover provided we were advised that the cost would be very small compared with the total cost of benefits, since few deaths occur during the first ten years of service.

REPAYMENT OF CONTRIBUTIONS UNDER THE WIDOWS' AND DEPENDANTS' SCHEMES

32. We set out in paragraphs 20-24 of Appendix I our recommendations about the repayment to teachers of their contributions to the widows' scheme. Broadly speaking they are based upon the recommendations in the Scottish Working Party's Report, which follow the arrangements in other public service widows' pension schemes. The refinements and additional benefits we have suggested for the widows' scheme do, however, make them appear rather complicated, and some explanation of the principles behind our recommendations seems necessary.

33. The general principle is that the *two per cent. contributions for service after entry into the scheme* which in one way or another secured for the contributor some kind of insurance 'cover' while he was serving should be repayable only as to one-half; while any from which he did not at any time stand to benefit should be repayable in full.

34. Half-rate repayment thus applies to any two per cent. contributions a contributor may have paid as a married man who had completed the minimum qualifying period for benefits (since during the period in which they were paid the contributor enjoyed the cover which a right to widow's pension provides); and also to any two per cent. contributions paid for earlier service, whether before or after the date of his marriage (since such service could have been taken into account in calculating a widow's pension). Full repayment would be made of all the two per cent. contributions of a person who remained unmarried throughout his career; of any such contributions paid by a man after his marriage came to an end (unless he later remarried); and of those paid by a man who never achieved the minimum qualifying period for benefits, i.e. three years or, if there are no children, ten years. Two per cent. contributions would also be repayable at the full rate for periods during which there was a potential (but unrealised) liability for orphans' pensions only. This is justifiable because children's pensions, which are normally payable for only a few years, are much less costly than widows' pensions and the retention of half the contributions paid during marriage is thus sufficient to provide for the orphans' cover after the death of the wife.

35. It is proposed that *all additional annual contributions in respect of service before entry into the scheme* should be repayable except in cases where a widow's pension or widowed mother's pension becomes payable or where, on the teacher's retirement on main scheme pension, his wife is still living. Similarly, teachers who choose to pay for service before entry by deduction from lump sum or death gratuity would not have any deduction made unless a widow's

pension becomes payable or they retire on main scheme pension with a wife living.

36. Our recommendations for the repayment of *contributions under the Dependants' Scheme* are clearly set out in paragraphs 18-21 of Appendix II. Such contributions will be payable only for periods during which the contributor is actually enjoying the cover for which they provide, and generally speaking they will not be repayable. The sole exception is the case of the teacher who withdraws from service and who is contributing for a life pension to a dependant. In his case, it is proposed that one-half of the contributions should be repayable.

COMPULSORY PURCHASE OF UP TO TEN YEARS' SERVICE BEFORE ENTRY INTO SCHEME

37. Paragraph 5 of Appendix I proposes that an in-service teacher must cover all his service before entry into the scheme up to ten years. This provision followed the arrangements currently being considered in Scotland, but some explanation may be needed to show why we considered it justified. The full range of cover which our scheme would provide will not be available until ten years of reckonable service have been completed. It is true that we also propose certain benefits on completion of only three years' service, which would be very valuable to younger teachers, but they are payable for only a limited period in certain contingencies, and their value to an older teacher could not be foreseen very far ahead. An older teacher who relied on the short service widowed mothers' pension might, for instance, find that his children passed out of benefit before he had completed the ten-year qualifying period, leaving his wife temporarily unprovided for. There are many possibilities of misunderstanding, and to remove uncertainties of this kind by requiring in-service teachers to buy in all their past service up to ten years is, we feel, fairer to the teachers concerned. It will also help to simplify the rather bewildering number of options with which in-service teachers will be confronted when the scheme first comes into force.

PENSIONS INCREASE

38. During the course of our discussions, the teachers' representatives enquired whether pensions under the proposed scheme would qualify, like other public service widows' benefits, for increases under the Pensions (Increase) Acts. After making enquiries, the representative of the Department of Education and Science was able to say that, although a final decision would rest with the Government of the day when it considered any future measures of this kind, there was every prospect that the basic widows' pensions would attract pensions increase from Exchequer funds in the same way as did other public service pensions; that it was unlikely, however, that the Pensions (Increase) Acts could apply to any increases in widows' benefits which resulted from the distribution of surpluses in the fund; and that special problems arose in connection with flat-rate pensions and benefits under the proposed Dependants' Scheme which would have to be resolved at a later stage.

POWERS OF INVESTMENT

39. We gave some consideration to the scope of the powers of investment that should, in a scheme of the kind we have prepared, be made available to the Board of Management or the investment trustees acting on their behalf. We were advised that it was now general practice in large pension schemes of

this sort to make the extent of investment powers as wide as possible and not to limit it specifically to the terms of the Trustee Investment Act. The arrangements we have embodied in paragraph 60 of Appendix I represent, in our view, a reasonable compromise between, at the one extreme, complete freedom of action on the part of the investment trustees and, at the other, inflexible statutory control imposed by the terms of the Act. The various limits set out in this paragraph, which we suggest should be adopted at the outset of the scheme, could be altered with comparative ease if the occasion arose by means of an amending statutory instrument.

ADMINISTRATIVE COSTS

40. Like the Scottish Working Party, we put forward our proposals, without commitment, on the basis that administrative costs would be met by the local authorities and other employers of teachers, and the Department of Education and Science. Exact details of these costs would have to be worked out when the schemes were actually put into operation, but it may be helpful if we indicate what we would expect to be the main items. These are:

- (i) *Collection of Contributions.* Local education authorities and other employers would have to arrange for the deduction of contributions from teachers' salaries—not an easy task, since contributions for existing teachers would be at varying rates. The sum collected would have to be made available for investment at frequent intervals (Appendix I, paragraphs 57 and 58).
- (ii) *Maintenance of records, correspondence, award of benefits, repayment of contributions.* These would be the responsibility of the Department of Education and Science (Appendix I, paragraph 54).
- (iii) *Payment of Pensions.* Payment would be made through the Office of H.M. Paymaster-General.
- (iv) *Investment.* The Department of Education and Science would meet the costs of the Board of Management and of the fees of the trustees responsible for day-to-day investment (Appendix I, paragraph 55).
- (v) *Audit.* It was hoped that this would be made by the Comptroller and Auditor General.
- (vi) *Actuarial Valuation.* This would be done by the Government Actuary's Department (Appendix I, paragraph 63).

41. In aggregate, these costs would be a significant contribution towards the finances of the schemes.

INAUGURAL ARRANGEMENTS—THE ADMINISTRATIVE PROBLEM

42. We gave some preliminary consideration to the administrative problem of inaugurating a widows' pension scheme of the kind we have prepared. In relation to in-service teachers we recognised that our proposals would raise difficult problems for all the parties concerned, and particularly for the teachers and the Pensions Branch of the Department of Education and Science. If our proposals are adopted each of the 150,000 or so male teachers at present serving in pensionable service will have to exercise a number of options which may have critical financial consequences for them or their wives. It will be important to ensure that their decisions are taken on an informed basis, and all must be accurately checked and recorded. It would not be realistic to suppose that this operation, unprecedented except perhaps for a similar exercise on a much smaller scale in Scotland, could be completed in a period of much under a year.

43. We came to the conclusion that plans should be prepared with the following objectives in mind:

- (i) That the scheme should be put into full operation at the earliest possible date. This would preclude a long preparatory period for the leisurely exercise of options.
- (ii) Arrears of contributions should be avoided so far as possible, as they would be inconvenient to all concerned and might in some cases jeopardise tax relief.

44. Our proposals to meet this problem are embodied in the opening paragraphs of Appendix I to this Report. The basic principles are that provisional cover should be given to all in-service teachers until their options are exercised, and that contributions for service before entry into the scheme should not become payable until a 'second appointed day', which would be one year after the scheme came substantively into operation. We have suggested special arrangements for teachers nearing retirement (i.e. those aged 55 and over) for whom a delay in commencing payment for past service could mean significantly increased contributions, but all the suggested procedures would have to be administered flexibly throughout to take account of individual circumstances. At this stage it would be premature to produce a cut and dried scheme; if our proposals are proceeded with, all the bodies concerned would have to be consulted when the legislative arrangements and other factors are more precisely known. Meanwhile, we all expressed our confidence that the bodies by whom we were appointed would do their best to help with this difficult operation in the interests of the teachers who will be so vitally concerned.

THE POSITION OF OLDER TEACHERS

45. Throughout our deliberations the teachers' representatives expressed concern about the position in which older teachers would find themselves under the widows' and children's scheme which we prepared. As the tables at the end of Appendix I demonstrate, they would face substantial payments if they wished to cover the whole of their past service. Those approaching retirement age could effectively make these payments only by deduction from the main scheme lump sum. Their position would be little better than it would have been under the scheme which was offered and rejected in 1956, as they could derive only a very limited benefit from one of the most attractive elements in our proposals—the income tax relief obtainable on contributions. The teachers recognised that a decision about our proposed scheme should ideally be taken mainly in the interests of the new entrants who would be compelled to participate but who would have the advantage of being able to cover all their service by annual contributions qualifying throughout for tax relief. In practice, however, the decision would have to be taken by serving teachers, and among them the views of the older ones were bound to carry considerable weight.

46. The teachers suggested that the Government might be asked to meet this situation by giving some help to these older teachers; they suggested that a limit could perhaps be fixed on the additional annual contributions for past service with a subsidy from the Government to pay for the deficiency. They felt that this could be distinguished from a shared-cost scheme which, as explained in paragraph 6, was known to be unacceptable, since such a payment would be a once-for-all matter and not, like a shared-cost scheme, a continuing and indefinite commitment.

47. The representatives of the Department of Education and Science pointed out that they were not in a position to state what would be the Government's view, and the representatives of the County Councils' Association and Association of Municipal Corporations entered a similar reservation on behalf of their own associations. We all recognised, moreover, that a consideration of this matter was strictly outside our terms of reference. Nevertheless, we agreed that a statement on it, if it could be included in our Report, would be convenient for the bodies who would have to consider our proposals. It was agreed, therefore, that before the Working Party finalised its Report the Chairman should inform the Secretary of State of the teachers' views and ask him if he would be prepared to reach a decision.

48. The Secretary of State's decision was conveyed to the Working Party at our final meeting in January, 1965. He said that he regretted that the Government could not see their way to agree to the teachers' proposals. He felt that while the scheme was obviously of great importance to existing teachers, its basic principle was to provide for young teachers, as an alternative to commercial insurance, cover for their dependants in return for annual contributions. It was inevitable that the cost would fall more heavily on teachers who had made no payments until towards the end of their careers. He found it difficult to see how in equity he could justify a subsidy costing, at the most modest estimate, several millions of pounds that would be payable only to teachers within certain older age-groups; and even within those age groups it might operate unfairly, since teachers who had already committed themselves to commercial insurance might not be in a position financially to take advantage of our occupational scheme.

49. The Secretary of State pointed out that even within its terms of reference the Working Party had been able to prepare a scheme which would place older teachers, if all their circumstances were considered, in a reasonable position. None of them would be compelled to participate, and those who wished to do so would have a wide discretion in deciding how much of their past service they wished to cover—a discretion which had not been offered to other bodies of public servants. They would also have some choice in the methods by which they met their liability. Those who were nearing the age of 60 would have available to them as an alternative the allocation arrangements, under which a teacher can provide cover for his wife or other dependants by surrendering a portion of his annual allowance. Older teachers would thus be able to choose from a number of alternative arrangements to their best advantage. He felt confident that older teachers would consider our proposals quite dispassionately on their merits from the point of view of younger teachers and new entrants and would not be disposed to advocate the rejection of the scheme simply because they felt it had a limited value for them. We are sure that it will be of benefit to all concerned to have included in our Report this statement of the Secretary of State's views.

III. Conclusion

50. We were asked by our terms of reference to prepare a scheme or schemes of pensions for widows, widowers, children and other dependants of teachers in England and Wales. This we have done, and the schemes are set out in Appendices I and II.

51. It is important to recognise that while it would be possible to introduce

our suggested Widows' and Children's Scheme without the Dependants' Scheme, it would not be practicable to have the proposed Dependants' Scheme on its own because of the relatively small numbers likely to participate. Nevertheless, we feel that a widows' and children's scheme is of such basic importance to the teaching profession that a decision about it must be taken entirely separately and on its own merits. If the decision about the Widows' Scheme were influenced by the prospect of the ancillary Dependants' Scheme, the former might be brought into force notwithstanding the fact that the majority of teachers whom it would directly affect were not in favour of it.

52. As we understood them, our terms of reference required us to proceed without committing any of the bodies by whom we were appointed, and it remains for those bodies to consider the schemes we have prepared and reach a decision. To assist them to do this, we have given in Section II of this Report some comments and explanations of certain features of the schemes we have prepared. Whatever the immediate outcome, we venture to hope that our labours will be found to have made some contribution towards overcoming a long-standing deficiency in the arrangements for the well-being of the teaching profession.

ACKNOWLEDGEMENT

53. We should like finally to place on record our appreciation of the work of our Secretary, Mr G. L. Macey, and the Secretariat provided by the Department of Education and Science, who have steered us through the complexities of this difficult subject with such lucidity, sympathy and understanding.

W. D. PILE (Chairman)

W. P. ALEXANDER

L. P. ANGELL

S. E. BARNES

F. BARRACLOUGH

F. BARTON

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W. S. HARDACRE

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F. G. JONES

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A. C. ROBB

L. G. A. SAUNDERS

E. C. SMITH

F. GORDON SMITH

C. TRAFFORD

S. D. WOOD

J. B. WOODHAM

G. L. MACEY (Secretary)

E. E. CROKER (Assistant Secretary)

January, 1965.

OUTLINE SCHEME OF PENSIONS FOR TEACHERS' WIDOWS AND CHILDREN

I. Membership

1. The Scheme will apply only to men teachers in contributory service under the Teachers (Superannuation) Acts. (Women teachers in contributory service will be able to provide for their dependants under the Dependants' Scheme outlined in Appendix II.)

New Entrants to Pensionable Service

2. All men teachers entering pensionable service under the Teachers (Superannuation) Acts for the first time three years or more after the day on which the Scheme comes into operation (i.e. the first appointed day) will be compulsorily included.*

In-service Teachers

3. Men teachers who have been in pensionable service at any time before the first appointed day, or within three years thereafter, will be given an option to join the Scheme. Those actually in pensionable service on the first appointed day will be required to exercise their option within three months. Those *not* in pensionable service on the first appointed day will be required to exercise their option within three months of their first entering pensionable service after the first appointed day.

4. Unmarried teachers who choose not to join the Scheme within the appropriate time limit specified in paragraph 3 will have a second opportunity to do so, within a new three months' time limit, if they subsequently marry.

5. It will be one of the conditions of membership of the Scheme that a teacher who, on the date from which he enters the Scheme, has previous pensionable service standing to his credit, will have to undertake to make the necessary payments to enable all that service up to 10 years to be counted under the Scheme. Payment for part or all of any past service in excess of 10 years will be optional.

*The purpose of this three-year moratorium is to give students and other intending teachers who may have virtually committed themselves to teaching on the basis of the present superannuation arrangements, the same option as will be available to in-service teachers.

6. During the three months' option period specified in paragraphs 3 and 4, in-service teachers will be given provisional cover. Until their options have been exercised, they will be deemed to have agreed to cover, by deduction from lump sum benefits under the Main Superannuation Scheme, their previous pensionable service up to 10 years. Teachers from whom nothing is heard by the end of the three months' option period will be deemed to have opted out of the Scheme unless, for special reasons, an extension of the period can be justified.

7. Subject to what is said in paragraph 14 below, any option under the Scheme, once it has been formally exercised by the teacher and accepted by the Secretary of State, will be irrevocable notwithstanding the death of the teacher's wife.

II. Contributions

Contributions for Service after Entry into the Scheme

8. Contributions will be payable by the teacher at the rate of two per cent. of salary from the first appointed day or later entry into the Scheme and for so long as contributions are payable under the Main Superannuation Scheme. Late payment of contributions will render the teacher liable for compound interest at the rate of four per cent. per annum.

Contributions for Service before Entry into the Scheme

9. A teacher required, or exercising an option, to cover a period of service performed before his entry into the Scheme will have to intimate to the Secretary of State, within the three months' time limit specified in paragraph 3 or paragraph 4, by which of the following methods he wishes to pay for that service:

- (i) *Method I*—by additional percentage contributions payable until age 60 or date of death if earlier; or
- (ii) *Method II*—by additional percentage contributions payable until age 65 or date of death if earlier; or
- (iii) *Method III*—by the surrender of part of the lump sum benefits payable under the Main Superannuation Scheme on retirement or death; or
- (iv) by a combination of Method I or Method II and Method III.

10. Where a teacher *under age 55* enters the Scheme on, or within one year of the first appointed day, contributions under Method I or Method II will be payable from the second appointed day which will be one year after the first. Where a teacher *aged 55 or over* enters the Scheme during this period, contributions under Method I or Method II will be payable from the first day of the month following the Secretary of State's formal acceptance of the teacher's proposals for payment.

11. Where a teacher enters the Scheme on or after the second appointed day, contributions under Method I or Method II will be payable from the date of entry.

12. The rates of payment under Methods I, II and III will be in accordance with Tables 1, 2 and 3 on pages 31 to 35.
13. If a teacher, having chosen on his entry into the Scheme to pay for a period of past service by means of Method III, is unmarried (e.g. a widower) at the time of his death or retirement no deduction will be made from the lump sum benefits payable under the Main Superannuation Scheme.
14. A teacher who, after his entry into the Scheme, is paying additional percentage contributions under Method I or Method II but leaves pensionable service for a year or more without taking repayment of his Main Scheme contributions will, on his return to service, have the future rate of his additional contributions re-assessed in accordance with his age on return. He will, however, be given the opportunity to change the method of future payments and, subject to what is said in paragraph 5 above, vary the length of service to be covered.
15. The arrangements described in paragraph 14 will not apply to teachers who, after entry into the Scheme, leave pensionable service with infirmity pensions or gratuities and later return.
16. If a teacher paying contributions under Method I or Method II retires from contributory service before age 60 with 'cold storage' pension rights under the Main Scheme, the balance of contributions due, with interest at four per cent. per annum, will be deducted from the lump sum benefits payable under the Main Scheme at death or at age 60, whichever is earlier.
17. If a teacher paying contributions under Method II retires on Main Scheme pension between the ages of 60 and 65, the balance of contributions due will be deducted from his lump sum.
18. For in-service teachers, the minimum payment under Method I or Method II for entitlement to any benefit under the Scheme will be one full year's contribution. If a teacher dies before this has been paid, the balance due at his death will be deducted from the Main Scheme benefits payable to his legal personal representatives.
19. Income tax relief will be available to contributors under Section 225 (and, where applicable, Section 379) of the Income Tax Act, 1952. The total contributions payable under the Scheme, when added to any payable under the Dependents' Scheme and all those payable under the Main Superannuation Scheme, will not be permitted to exceed 15 per cent. of the teacher's current salary.

Repayment of Contributions to Unmarried Teachers

20. If a teacher remains unmarried throughout the whole of the period of his membership of the Scheme his contributions will be repaid in full when he either:

- (i) retires with immediate pension under the Main Superannuation Scheme; or
- (ii) reaches age 60, having previously retired with entitlement to a Main Scheme pension at that age, and not having married in the interval; or
- (iii) withdraws from pensionable service with repayment of his Main Scheme contributions; or
- (iv) dies before retirement.

Repayment of Contributions to Married Teachers

21. A married teacher's contributions will be repaid as follows:

Circumstances of termination (1)	Contributions to be repaid		
	2% contributions for service before and during marriage (2)	2% contributions for service after end of marriage (3)	Additional contributions for service before entry into Scheme (4)
1. Death, or withdrawal with repayment of Main Scheme contributions, after less than 3 years' service.	All	All	All
2. Death, or withdrawal with repayment of Main Scheme contributions, during 4th-9th year of service <i>if no children</i> .	All	All	All
3. Withdrawal with repayment of Main Scheme contributions after 10 or more years' service; or after 3 or more years' service if there were children during the 4th-9th years.	One half	All	All
4. Death after 10 or more years' service and after end of marriage, <i>no surviving children</i> .	One half	All	All
5. Death after 10 or more years' service and after end of marriage, <i>if survived by children</i> .	Nil Orphans' benefits payable	Nil	All
6. Death during 4th-9th year of service <i>if survived by widow and children</i> .	Nil Short service	Nil widowed mothers' pensions payable.	Nil and children's
7. Death during 4th-9th year of service <i>if survived by children only</i> .	Nil Short service orphans' payable.	Nil orphans' pensions payable.	All
8. Retirement on pension after end of marriage, with or without children eligible for orphans' benefits.	One half	All	All
9. Death while married after 10 or more years' service.	Nil Widow's pension payable,	Nil with or without children's pensions in addition.	Nil and children's
10. Retirement on pension while married.	Nil Potential payment of widow's pension, with or without children's pensions in addition.	Nil	Nil

Note:

It is not possible to cover all eventualities in a table of this sort. The general principles on which repayment of contributions will be based are, however, set out in paragraphs 33-35 of the Report.

22. Subject to what is said in paragraph 23, contributions repaid will attract interest at the rate of three per cent. per annum but will be subject to deductions on account of the trustees' liability for income tax at one quarter of the standard rate.

23. Interest will be calculated only in respect of periods during which the teacher is in pensionable service, and only until the date from which he is first entitled to claim repayment of his Main Scheme contributions.

24. All service in respect of which contributions are repaid will be cancelled for the purposes of the Scheme, irrespective of whether the contributions represent the whole or partial payment for that service.

25. If a teacher, having withdrawn from pensionable service with a refund of contributions under both the Main Scheme and the Widows' Scheme, later returns to service and repays his Main Scheme contributions, he will also be able to repay the two per cent. contributions he originally paid under the Widows' Scheme for his service *after* his entry into the Scheme. This service will then be reinstated under the Scheme. Any additional contributions he originally paid for his service *before* his entry into the Scheme will not be repayable; subsequent payments for this service will have to be re-assessed in accordance with the Tables on pages 31 to 35 by reference to the teacher's age on re-entering the Scheme.

26. Compound interest at the rate of $3\frac{1}{2}$ per cent. per annum will be payable on contributions repaid into the Scheme under the arrangements outlined in paragraph 25.

III. Benefits

Entitlement to Short Service Widowed Mothers' and Children's Pensions

27. A short service widowed mother's pension with children's pensions in addition, or orphans' pensions alone will be paid on the death of a teacher who has covered at least three years' but less than 10 years' service for the purposes of the Scheme, provided that he:

- (i) had served in contributory service within one year of his death; *and*
- (ii) is survived by children entitled to benefit in accordance with the conditions outlined in paragraph 33.

Entitlement to Widows' and Children's Pensions

28. A widow's pension with or without children's pensions in addition, or orphans' pensions alone, will be paid on the death of a teacher who has covered at least 10 years' service for the purposes of the Scheme, provided that he:

- (i) had served in contributory service within one year of his death; *or*
- (ii) had retired before age 60 with sufficient service to qualify him for Main Scheme pension at that age; *or*
- (iii) had retired on immediate Main Scheme pension.

29. Any marriage of the teacher which takes place after he has started to draw his Main Scheme pension will be disregarded for all the purposes of the Scheme.

Rates and Duration of Short Service Widowed Mothers' and Children's Pensions

30. A short service widowed mother's pension will be payable at the following rates:

Completed years of service covered	3	4	5	6	7	8	9
Rate of pension per annum	£58	£66	£74	£82	£90	£98	£106

31. A short service widowed mother's pension will be payable from the date of the teacher's death for so long as there is entitlement to a child's pension, but will in any case cease on remarriage.

32. A short service widowed mother's pension will not be paid if, at the time of the teacher's death, the widow is cohabitating with a person other than the teacher; and it will cease if the widow subsequently cohabits with any person.

33. Short service children's pensions will be payable for the benefit of eligible children as defined in paragraph 38, and at the rates and for the duration outlined in paragraphs 39-41, except that no pension will be payable in respect of a child once he has attained the age of 19.

Rates and Duration of Widows' Pensions

34. Where a teacher at the time of his death has covered all his service before entry into the Scheme, the annual rate of widow's pension will be:

- (i) if he dies after retirement, having qualified for a Main Scheme pension, one-third of that pension before any reductions on account of allocation or National Insurance; or
- (ii) if he dies before retirement, one-third of the Main Scheme pension which would have been payable if he had retired on grounds of ill-health on the day he died; or
- (iii) one hundred and fifteen pounds, if this is greater than (i) or (ii).

35. Where a teacher has not undertaken to cover the whole of his service before entry into the Scheme, his widow's pension will be the same proportion of the full pension payable under paragraph 34(i) or paragraph 34(ii) that his total service counting under the Widows' Scheme bears to his total pensionable service under the Main Scheme. It will not, however, be less than one hundred and fifteen pounds per annum.

36. A widow's pension will be payable for life from the date of the teacher's death for so long as the widow remains unmarried. The Secretary of State will have discretion to authorise resumption of payment if, after re-marriage, further widowhood occurs.

37. A widow's pension will not be paid if, at the time of the teacher's death, the widow is cohabitating with a person other than the teacher; and it will cease if the widow subsequently cohabits with any person. The Secretary of State will have discretion to authorise payment or resumption of payment if cohabitation ceases.

Eligible Children

38. The children for whose benefit children's pensions will be payable will be the children born of the deceased teacher's marriage and before he has started

to draw his Main Scheme pension. Children legally adopted by the teacher alone, or jointly by the teacher and his wife, before his retirement on Main Scheme pension will be treated for all the purposes of the Scheme as children of the marriage. Step-children, or illegitimate children or children legally adopted by the wife alone, will also be able to benefit if they are wholly or mainly dependent on the teacher at the time of his death.

Rates and Duration of Children's Pensions

39. Where the teacher is survived by a widow, the annual rates of children's pensions will be :

- | | |
|---|------|
| (i) while there is one eligible child | £60 |
| (ii) while there are two eligible children | £110 |
| (iii) while there are three eligible children | £160 |
| (iv) while there are four or more eligible children | £210 |

40. Where the teacher is not survived by a widow, or if he is so survived but the widow subsequently dies, the annual rates will be:

- | | |
|---|------|
| (i) while there is one eligible child | £85 |
| (ii) while there are two eligible children | £165 |
| (iii) while there are three eligible children | £245 |
| (iv) while there are four or more eligible children | £325 |

41. Children's pensions will be payable for so long as the eligible children are under 16 years of age; or are 16 or over and either receiving full-time education or being trained full-time for not less than two years for a trade, profession or vocation for which training any pay received does not exceed £115 per annum. If a child's pay exceeds this figure, the pension will be reduced by the amount of the excess. Children's pensions will normally cease if the widow remarries or cohabits with any person, and a pension being paid for the benefit of a daughter will, in any event, cease on the daughter's marriage.

42. A pension being paid for the benefit of an incapacitated child will continue beyond the limited period referred to in paragraph 41 for so long as the incapacity lasts.

IV. Miscellaneous Provisions

Teachers Paying Contributions under Section 2 of the Teachers (Superannuation) Act, 1937, during Intervals in Pensionable Service

43. A member of the Scheme who leaves pensionable service but continues to contribute to the Main Scheme under Section 2 of the Teachers (Superannuation) Act, 1937, will continue also to contribute to the Widows' Scheme as a 'new entrant' or an 'in-service' teacher as the case may be, and at the rate or rates of contribution determined on his entry into the Widows' Scheme. The contributions to the Widows' Scheme will be based on the salary on which the Section 2 contributions are based.

'Added years'—Section 19, Teachers (Superannuation) Act, 1956

44. In the case of an 'in-service' teacher, added years under Section 19 of the Teachers (Superannuation) Act, 1956, will be regarded as service done before entry into the Scheme for the purposes of calculating contribution rates and

benefits under the Scheme. A 'new entrant' teacher will be able to cover added years either by deduction from Main Scheme benefits or by means of additional periodical contributions.

V. Administration

Board of Management

45. The Secretary of State will set up a Board of Management consisting of members appointed by him, the teachers' organisations and the employers' associations.

Powers and Responsibilities of the Board

46. Subject to the approval of the Secretary of State, the Board will appoint a trustee or trustees who will be responsible, within the limits of an investment policy laid down by the Board, for day-to-day investment transactions in connection with the Scheme.

47. The Board will be entitled to review the conditions of the Scheme as and when they consider this necessary and to make recommendations thereon to the Secretary of State.

48. The Board will advise the Secretary of State on any questions of administrative policy concerning the Scheme which he, or the teachers' or employers' associations, may refer to them.

Establishment of a Fund

49. As from the appointed day a Widows' and Children's Scheme Fund will be established. This will be divided into a General Account and an Investment Account.

50. The following sums will be paid into or transferred to the General Account of the Fund:

- (i) all contributions and sums surrendered from Main Scheme benefits; and
- (ii) any sums the Board may authorise for transfer from the Investment Account to avoid a deficiency arising on the General Account.

51. The following sums will be paid into or transferred to the Investment Account from time to time:

- (i) the net proceeds of all contributions and sums surrendered from Main Scheme benefits after the deduction of such amounts as are necessary to pay for the benefits under the Widows' and Children's Scheme;
- (ii) the net proceeds for all dividends, interest, etc., arising out of the investment or use of the Investment Account; and
- (iii) any other sums that may be received by the Board in connection with the Scheme.

52. There will be paid out of the General Account:

- (i) the benefits payable under the Scheme; and
- (ii) the contributions refunded.

53. There will be paid out of the Investment Account by or on behalf of the Board of Management:

- (i) such amounts as are necessary to negotiate the investment of securities; and
- (ii) such amounts as are necessary to avoid a deficiency in the General Account.

Powers and Responsibilities of the Secretary of State

54. The Secretary of State will be responsible for the general administration of the Scheme, including:

- (i) administering the provisions relating to options and to payments for service before entry into the Scheme;
- (ii) receiving contributions and sums surrendered from Main Scheme benefits and paying these into the General Account;
- (iii) maintaining records of the contributions paid and options exercised;
- (iv) determining all questions affecting eligibility for, and amounts of, benefits and contributions; and
- (v) authorising the payment of benefits, and the refund of contributions, out of the General Account.

55. The Secretary of State will meet all the expenses of the general administration of the Scheme, including those of the Board of Management, and the cost of investing funds (other than brokerage and stamp duties).

56. The Secretary of State will furnish the Board annually with a report on the administration of the Scheme and a statement of account of the General Account.

Responsibilities of Employers

57. Contributions payable under the Scheme will be collected by employers by deduction from the teachers' salaries, and transmitted to the Secretary of State at intervals of not more than one calendar month.

58. The costs incurred by employers in connection with the administration of the Scheme will not be charged to the Fund.

Powers of Investment

59. The Board will be entitled to raise or borrow money on such terms and conditions as they think fit, and will be able to charge or assign all or any part of the Investment Account in security.

60. The trustees will have discretion, within any limits which the Board may prescribe, to invest monies in the Investment Account in such stocks, shares, debentures, etc., as they think fit; provided that not more than 50 per cent. of the Fund's assets (or such other percentage as the Secretary of State, after consultation with the Board, may later prescribe) are invested in preference, preferred or ordinary stocks and shares, of which not more than 10 per cent. are overseas investments.

Accounts and Audit

61. The Secretary of State will prepare annually, in a prescribed form, a full account of all monies received and expended by him and relating to the General Account, and the Board will likewise prepare a full account of all monies received and expended by them, or on their behalf, and relating to the Investment Account. These accounts will be audited in such a manner as the Secretary of State may direct.

62. As soon as the Fund has been audited, the Board will publish the accounts, any report by the auditor, the report by the Secretary of State on administration and a report by the Board on matters for which they are responsible. Copies of these documents will be made available free of charge to any member of the Scheme who applies for them.

Valuation of the Scheme

63. The Government Actuary will make an actuarial valuation of the assets and liabilities of the Scheme at intervals of five years and will report to the Board of Management and the Secretary of State. The report will include recommendations for making good any deficiency or for disposing of any surplus in the Fund.

64. Where the Government Actuary certifies that a deficiency or a surplus exists, the Board will make recommendations to the Secretary of State for making good the deficiency or for disposing of the surplus. The Secretary of State will then be entitled, after consultation with the Board, to make regulations to amend the provisions of the Scheme, whether by alteration of the scale of benefits and/or of the rates of contributions or otherwise.

Table 1

PAYMENT BY ADDITIONAL CONTRIBUTIONS FOR SERVICE PERFORMED
BEFORE ENTRY INTO WIDOWS' PENSION SCHEME
(TEACHERS UNDER 55)

Age of teacher at last birthday before second appointed day or entry into Scheme if later (1)	Percentage of Current Salary Rate of additional annual contribution payable from second appointed day, or from entry into Scheme if later, in respect of each year of service before entry	
	Payment up to age 60 (Method I) (2)	Payment up to age 65 (Method II) (3)
24 or under	·05	—
25	·05	—
26	·05	—
27	·06	—
28	·06	—
29	·06	—
30	·07	·06
31	·07	·06
32	·08	·07
33	·08	·07
34	·09	·08
35	·09	·08
36	·10	·09
37	·10	·09
38	·11	·10
39	·11	·10
40	·12	·10
41	·13	·11
42	·14	·12
43	·15	·12
44	·15	·13
45	·16	·13
46	·18	·14
47	·20	·15
48	·21	·16
49	·23	·17
50	·25	·18
51	·28	·19
52	·31	·20
53	·35	·22
54	·41	·24

Note:

At ages 24 to 29, the rate of additional annual contribution under Method II would be the same as that under Method I.

Table 2

PAYMENT BY ADDITIONAL ANNUAL CONTRIBUTIONS FOR SERVICE PERFORMED BEFORE
ENTRY INTO WIDOWS' PENSION SCHEME
(TEACHERS AGED 55 AND OVER)

<i>Age of teacher:</i>		<i>Percentage of Current Salary</i>	
(i) In the case of teachers entering Scheme between first and second appointed days, on the first day of the month following the Secretary of State's acceptance of proposals for payment		Rate of additional annual contribution payable in respect of each year of service before entry into Scheme from:	
(ii) In all other cases, on date of entry into Scheme		(i) In the case of teachers entering Scheme between first and second appointed days, the first day of the month following the Secretary of State's acceptance of proposals for payment	
		(ii) In all other cases, date of entry into Scheme	
Completed years (1)	Completed months (2)	Payment up to age 60 (Method I) (3)	Payment up to age 65 (Method II) (4)
55	—	·46	·26
	1	·46	·26
	2	·47	·26
	3	·48	·26
	4	·49	·26
	5	·50	·27
	6	·51	·27
	7	·52	·27
	8	·53	·27
	9	·54	·28
	10	·55	·28
	11	·56	·28
56	—	·57	·28
	1	·58	·29
	2	·59	·29
	3	·60	·29
	4	·61	·29
	5	·62	·30
	6	·63	·30
	7	·65	·30
	8	·67	·30
	9	·69	·31
	10	·71	·31
	11	·73	·31
57	—	·75	·32
	1	·77	·32
	2	·79	·32
	3	·81	·32
	4	·84	·33
	5	·86	·33
	6	·89	·33
	7	·92	·34
	8	·95	·34
	9	·99	·34
	10	1·03	·35
	11	1·07	·35
58	—	1·11	·36
	1	1·16	·36
	2	1·21	·36
	3	1·27	·37
	4	1·33	·37
	5	1·40	·38
	6	1·48	·38

Table 2 (continued)

PAYMENT BY ADDITIONAL ANNUAL CONTRIBUTIONS FOR SERVICE PERFORMED
BEFORE ENTRY INTO WIDOWS' PENSION SCHEME
(TEACHERS AGED 55 AND OVER)

<i>Age of teacher:</i> (i) In the case of teachers entering Scheme between first and second appointed days, on the first day of the month following the Secretary of State's acceptance of proposals for payment (ii) In all other cases, on date of entry into Scheme		<i>Percentage of Current Salary</i> Rate of additional annual contribution payable in respect of each year of service before entry into Scheme from: (i) In the case of teachers entering Scheme between first and second appointed days, the first day of the month following the Secretary of State's acceptance of proposals for payment (ii) In all other cases, date of entry into Scheme	
Completed years (1)	Completed months (2)	Payment up to age 60 (Method I) (3)	Payment up to age 65 (Method II) (4)
58	7	1.57	.38
	8	1.67	.39
	9	1.78	.39
	10	1.90	.40
	11	2.00	.40
59	—	—	.41
	1	—	.41
	2	—	.42
	3	—	.42
	4	—	.43
	5	—	.43
	6	—	.44
	7	—	.44
	8	—	.45
	9	—	.45
	10	—	.46
	11	—	.46
60	—	—	.46
	1	—	.46
	2	—	.47
	3	—	.48
	4	—	.49
	5	—	.50
	6	—	.51
	7	—	.52
	8	—	.53
	9	—	.54
	10	—	.55
	11	—	.56
61	—	—	.57
	1	—	.58
	2	—	.59
	3	—	.60
	4	—	.61
	5	—	.62
	6	—	.63
	7	—	.65
	8	—	.67
	9	—	.69
	10	—	.71
	11	—	.73

Table 2 (continued)

PAYMENT BY ADDITIONAL ANNUAL CONTRIBUTIONS FOR SERVICE PERFORMED BEFORE
ENTRY INTO WIDOWS' PENSION SCHEME
(TEACHERS AGED 55 AND OVER)

<i>Age of teacher:</i> (i) In the case of teachers entering Scheme between first and second appointed days, on the first day of the month following the Secretary of State's acceptance of proposals for payment (ii) In all other cases, on date of entry into Scheme		<i>Percentage of Current Salary</i> Rate of additional annual contribution payable in respect of each year of service before entry into Scheme from: (i) In the case of teachers entering Scheme between first and second appointed days, the first day of the month following the Secretary of State's acceptance of proposals for payment (ii) In all other cases, date of entry into Scheme	
Completed years (1)	Completed months (2)	Payment up to age 60 (Method I) (3)	Payment up to age 65 (Method II) (4)
62	—	—	·75
	1	—	·77
	2	—	·79
	3	—	·81
	4	—	·84
	5	—	·86
	6	—	·89
	7	—	·92
	8	—	·95
	9	—	·99
	10	—	1·03
	11	—	1·07
63	—	—	1·11
	1	—	1·16
	2	—	1·21
	3	—	1·27
	4	—	1·33
	5	—	1·40
	6	—	1·48
	7	—	1·57
	8	—	1·67
	9	—	1·78
	10	—	1·90
	11	—	2·00

Table 3

PAYMENT BY SURRENDER FROM MAIN SCHEME BENEFITS FOR
SERVICE PERFORMED BEFORE ENTRY INTO WIDOWS' PENSION SCHEME

Age of teacher at last birthday before entry into Scheme (1)	Percentage of pensionable salary* to be surrendered from Main Scheme lump sum in respect of each year of service before entry into Scheme (Method III)	
	Teachers entering the Scheme on the first appointed day or within one year thereafter (2)	Teachers entering the Scheme a year or more after the first appointed day (3)
24 or under	3.1	3.1
25	3.2	3.2
26	3.2	3.2
27	3.2	3.2
28	3.2	3.2
29	3.2	3.2
30	3.3	3.3
31	3.3	3.3
32	3.3	3.3
33	3.3	3.3
34	3.3	3.3
35	3.3	3.3
36	3.2	3.2
37	3.2	3.2
38	3.2	3.2
39	3.2	3.2
40	3.2	3.2
41	3.1	3.1
42	3.1	3.1
43	3.1	3.1
44	3.1	3.1
45	3.0	3.1
46	2.9	3.0
47	2.8	3.0
48	2.7	3.0
49	2.6	2.9
50	2.5	2.9
51	2.5	2.9
52	2.5	2.8
53	2.5	2.8
54	2.5	2.7
55	2.5	2.7
56	2.5	2.6
57	2.5	2.6
58	2.5	2.5
59	2.4	2.4
60	2.3	2.3
61	2.3	2.3
62	2.2	2.2
63	2.2	2.2
64	2.1	2.1

*'pensionable salary' for this purpose means the average of the annual salary on which contributions are paid under the Main Scheme during the final three years of contributory service, on which benefits are normally based.

Example of Method III calculation:

A teacher aged 40 on entry into Scheme opted to pay for 15 years' past service under Method III. On retirement after 40 years' pensionable service, his average salary is £1,200. He must, therefore, surrender from his Main Scheme lump sum $3.2 \times 1/100 \times 15 \times £1,200 = £576$, i.e. about one third of his Main Scheme lump sum of approximately 120/80ths of £1,200 = £1,800.

OUTLINE SCHEME OF PENSIONS FOR TEACHERS' DEPENDANTS

I. Membership

1. The Scheme will be a voluntary one and, subject to certain conditions as to age and length of service, open to both men and women teachers in pensionable service under the Teachers (Superannuation) Acts.

II. Nomination of Dependants

2. To be effective, a nomination will require formal acceptance by the Secretary of State, whose responsibility it will be to verify that all the conditions of nomination have been satisfied.

3. A teacher will be able to nominate a dependant at any time while he is employed in contributory service provided that he has at least three years' contributory service standing to his credit and has not attained the age of 55. The Secretary of State will have discretion to accept nominations made by teachers who, at the inception of the Scheme, are in contributory service and aged 55 or over.

4. Where the dependant is aged 16 or over, or is permanently incapacitated, the nomination will be for a *life* pension. A nomination made in favour of a child under 16 will be for a *temporary* pension ceasing at age 16.

5. Successive nominations in favour of the same nominee (e.g. to improve the provision already made), or further nominations in favour of other nominees, will be permitted provided that the teacher's salary has increased by at least £120 per annum since the date of the last nomination or at least three years have elapsed since that date.

Eligibility for Nomination

6. The teacher will be required to satisfy the Secretary of State that the nominee is wholly or mainly dependent on him at the time the nomination is made.

7. The following relatives of the teacher will be eligible for nomination:

Husband; widowed mother or step-mother; father or step-father; unmarried sister; brother; child (but see paragraph 8 below); child of dead sister or dead brother; or child of a dead child of the teacher.

8. It will not be possible for a teacher's child who is eligible for a pension under the Widows' and Children's Scheme also to be a nominee for a pension under the Dependants' Scheme.

Limitation on Number of Nominations (See also paragraphs 22-24).

9. The maximum number of nominees that a teacher can have at any one time will be:

- (i) *for life pensions*—one adult, and one incapacitated child of the teacher who is not eligible for a pension under the Widows' and Children's Scheme; a woman teacher will, in addition, be permitted to nominate her dependent husband; and
- (ii) *for temporary pensions*—three children.

Revocation, Voidance and Lapse of Nominations

10. A teacher will be able to revoke a nomination at any time on giving written notice to the Secretary of State. The nomination will thereupon become void. A nomination will also become void on the death of the nominee or, if the nominee is a woman, on her marriage. A nomination in respect of a child under 16 will become void on the child's reaching that age, or on his becoming eligible for a pension under the Widows' and Children's Scheme if earlier.

11. A nomination will lapse when a teacher either:

- (i) withdraws from the Main Scheme with repayment of Main Scheme contributions, or
 - (ii) has been absent from contributory service for more than a year and has not qualified for immediate or 'cold storage' pension under the Main Scheme.
- (See paragraph 20).

Evidence of Teacher's Health

12. A teacher may be required to undergo a medical examination before a nomination can be accepted by the Secretary of State, but this will not normally be necessary in the case of a teacher under 50. The Secretary of State will have the right to refuse to accept a nomination if he is not satisfied that the teacher is in good health having regard to his age.

III. Contributions

13. Contributions will be payable in respect of each nomination from the date on which the nomination is approved by the Secretary of State until the earliest of the following:

- (i) the date on which the teacher reaches age 60; or
- (ii) the date on which the teacher leaves contributory service (see paragraphs 14, 15, 20, 27, 28 and 29); or
- (iii) until the nominations become void.

14. If a participating teacher, not having qualified for a Main Scheme pension, leaves contributory service without claiming repayment of his Main Scheme contributions, and then re-enters such service within a year, his nominee will be covered during the interval, and his nomination will continue to apply on re-entry provided that he pays the necessary contributions to the Dependants' Scheme for the period of the absence. The nomination will lapse when the absence exceeds one year. (See paragraphs 11(ii) and 20(ii)).

15. If a participating teacher, having qualified for a Main Scheme pension, leaves contributory service before age 60, his nominee will continue to be covered. The contributions due to the Dependants' Scheme from the date of leaving to age 60, or to the date on which the nomination becomes void, or to the date of the teacher's death, whichever is the earliest, (with interest at 4 per cent. per annum) will be deducted from Main Scheme benefits. If such a teacher re-enters contributory service before age 60, he will be permitted, if he so wishes, to pay the contributions due for the preceding interval on his re-entry, instead of having them deducted from his Main Scheme benefits.

16. The rate of contributions will be determined by the Government Actuary and will be of a fixed annual amount varying according to the type and size of the pension and the age and sex of the teacher and the nominee. (The full range of tables of contributions is extensive but some examples are given in Tables 4 and 5).

17. Income tax relief will be available to contributors under Section 379 of the Income Tax Act, 1952. The total contributions payable under the Dependants' Scheme, when aggregated with any payable under the Widows' and Children's Scheme and those payable under the Main Scheme will not be permitted to exceed 15 per cent. of current salary.

Repayment of Contributions.

18. Contributions paid in respect of temporary pensions will not be returnable

19. No contributions will be returnable where a nomination becomes void.

20. One half of the contributions paid by a teacher in respect of a *life* pension will be refunded if the teacher:

(i) withdraws from contributory service with repayment of Main Scheme contributions; or

(ii) is absent from contributory service for more than a year and has not qualified for immediate or 'cold storage' pension under the Main Scheme.

21. Contributions repaid will attract interest at the rate of 3 per cent. per annum but will be subject to deductions on account of the trustees' liability for income tax at one quarter of the standard rate.

IV. Benefits

Rates of Pensions

22. A teacher will be able to make provision for temporary pensions of £30, £40, £50 or £60 per annum (maximum), and for life pensions of any specified amount so long as it is a multiple of £10 and not less than £30 per annum.

23. There will be an overall limitation on the amount of pension payable in total to all the teacher's nominees of 1/6th of the teacher's salary when making a nomination.

24. The limitations referred to in paragraphs 22 and 23 will not apply in the following circumstances:

(i) where a woman teacher nominates her dependent husband and one or more dependent children, she will be able to provide for a maximum pension for her husband of 1/6th of her salary when making the nomination, plus maximum pensions, each of 1/6th of salary, for another dependent adult

and an incapacitated child. In addition, she will be able to provide for temporary pensions of up to £60 per annum for each child.

- (ii) A widower, widow or unmarried mother will be able to provide for temporary pensions of up to £80 per annum and, in addition, maximum pensions for a dependent adult and an incapacitated child of, in each case, 1/6th of salary at the date of nomination.

25. Some examples of contributions and pensions payable under the Scheme follow Table 5.

Entitlement to Pension

26. A pension under the Scheme will be payable on the death of the teacher in contributory service or in retirement with entitlement to Main Scheme pension provided that, at the date of the teacher's death:

- (i) the nominee is wholly or mainly dependent on the teacher, *and*
- (ii) the teacher has not received a refund of contributions under the Scheme; *and*
- (iii) the nomination has not otherwise become void.

27. A teacher with no entitlement to Main Scheme pension or gratuity who dies within one year of leaving contributory service without having had a refund of Main Scheme or Dependents' Scheme contributions will be regarded, for the purposes of the Scheme, as having died in contributory service provided that any arrears of contributions due for the period from the date of his leaving to the date of his death are paid. Payment of any such arrears will normally be made by deduction from sums due to the legal personal representatives of the teacher under the Main Scheme; but if these are insufficient it will be open to the legal personal representatives of the teacher to pay the amount due direct to the Secretary of State in order to secure a pension for the teacher's nominee.

28. A teacher who dies after retiring from contributory service with a 'cold storage' Main Scheme pension payable from age 60, will be regarded, for the purposes of the Scheme, as having died in contributory service. Any arrears of contributions due for the period from the date of retirement to the date of death, with interest at 4 per cent. per annum, will be deducted from sums due to the teacher's legal personal representatives under the Main Scheme.

29. The minimum payment for entitlement to any benefits of the Scheme will be one full year's contributions in respect of each nomination. If a teacher, having made a valid nomination, dies before this amount has been paid, the balance due will be deducted from any sums due to the legal personal representatives of the teacher under the Main Scheme. If these are insufficient for the purpose, it will be open to the legal personal representatives of the teacher to pay the amount due direct to the Secretary of State in order to secure a pension for the teacher's nominee.

Duration of Pension

30. A life pension will be payable from the date of the teacher's death until the death of the nominee. A temporary pension will be payable from the date of the teacher's death until the death of the nominee or until the nominee reaches age 16, whichever is the earlier.

31. Any pension being paid to an unmarried female nominee will cease on her marriage.

V. Miscellaneous

Teachers Paying Contributions under Section 2 of the Teachers (Superannuation) Act, 1937

32. A teacher who leaves contributory service but continues to contribute to the Main Scheme under Section 2 of the Teachers (Superannuation) Act, 1937, will continue also to contribute to the Dependants' Scheme unless he chooses to revoke his nomination or it otherwise becomes void.

VI. Administration

33. The administrative arrangements proposed in the outline Widows' and Children's Scheme will also apply to the Dependants' Scheme. Separate accounts will be kept but there will not be separate Funds. Although the contributions are intended to make the Dependants' Scheme self-financing, the two Schemes will be treated as one for the distribution of surpluses or the elimination of deficiencies.

Table 4

SPECIMEN ANNUAL CONTRIBUTIONS FOR A PENSION OF £10 PER ANNUM UNDER THE PROPOSED SCHEME OF PENSIONS FOR TEACHERS' DEPENDANTS

Life Pensions

(1) <i>Nearest Age of Teacher making the Nomination</i>	(2) <i>Nearest Age of Dependant Nominated</i>	<i>Amount of Annual Contribution</i>	
		(3) <i>Male Dependant</i>	(4) <i>Female Dependant</i>
		£ s. d.	£ s. d.
NOMINATIONS BY MEN TEACHERS			
30	20	1 15 4	2 0 2
	30	1 4 2	1 8 11
	40	— 14 10	— 18 6
	50	— 8 6	— 10 9
	60	— 4 11	— 6 0
	70	— 2 9	— 3 5
40	20	3 18 11	4 6 7
	30	2 19 2	3 8 2
	40	1 19 1	2 7 9
	50	1 2 8	1 9 0
	60	— 12 0	— 15 7
	70	— 6 2	— 7 11
50	20	10 10 10	11 5 4
	30	8 11 2	9 10 1
	40	6 4 5	7 6 2
	50	3 18 0	4 18 2
	60	2 1 5	2 15 4
	70	— 19 4	1 6 5

Table 4 (continued)

**SPECIMEN ANNUAL CONTRIBUTIONS FOR A PENSION OF
£10 PER ANNUM UNDER THE PROPOSED SCHEME OF
PENSIONS FOR TEACHERS' DEPENDANTS**

Life Pensions

(1) <i>Nearest Age of Teacher making the Nomination</i>	(2) <i>Nearest Age of Dependent Nominated</i>	<i>Amount of Annual Contribution</i>					
		(3) <i>Male Dependant</i>			(4) <i>Female Dependant</i>		
		£	s.	d.	£	s.	d.
NOMINATIONS BY WOMEN TEACHERS							
30	20	1	6	8	1	11	5
	30	—	17	6	1	1	10
	40	—	10	8	—	13	8
	50	—	6	4	—	8	1
	60	—	3	10	—	4	10
	70	—	2	4	—	2	9
40	20	3	1	1	3	8	11
	30	2	3	7	2	12	2
	40	1	7	3	1	14	10
	50	—	15	3	1	0	5
	60	—	8	1	—	10	11
	70	—	4	3	—	5	8
50	20	8	9	6	9	4	5
	30	6	12	4	7	11	0
	40	4	10	11	5	11	0
	50	2	13	3	3	10	5
	60	1	6	8	1	17	7
	70	—	12	0	—	17	4

Table 5

**SPECIMEN ANNUAL CONTRIBUTIONS FOR A PENSION OF
£10 PER ANNUM UNDER THE PROPOSED SCHEME OF
PENSIONS FOR TEACHERS' DEPENDANTS**

**Temporary Pensions
Nominations by Men Teachers**

(1) <i>Nearest Age of Man Teacher making the Nomination</i>	(2) <i>Nearest Age of the Child Nominated</i>	(3) <i>Amount of Annual Contribution</i> £ s. d.
30	0	— 2 10
	5	— 1 9
	10	— — 11
40	0	— 6 3
	5	— 3 9
	10	— 1 9
50	0	1 2 8
	5	— 10 3
	10	— 4 5

Nominations by Women Teachers

(1) <i>Nearest Age of Woman Teacher making the Nomination</i>	(2) <i>Nearest Age of the Child Nominated</i>	(3) <i>Amount of Annual Contribution</i> £ s. d.
30	0	— 2 5
	5	— 1 7
	10	— — 10
40	0	— 4 6
	5	— 2 9
	10	— 1 4
50	0	— 14 4
	5	— 6 6
	10	— 2 10

**EXAMPLES OF CONTRIBUTIONS AND PENSIONS PAYABLE
UNDER THE PROPOSED SCHEME OF PENSIONS FOR
TEACHERS' DEPENDANTS**

Example 1—Woman teacher with dependent husband and three children

A woman teacher aged 40 wishes to provide for her dependent husband aged 40 and three children, one aged 10 and twins aged 5. Her salary when making the nominations is £1,380 and she can provide maximum pensions of $\frac{1}{2} \times £1,380 = £230$ per annum for her husband and £60 for each child. She decides to pay contributions which, in the event of her death, will assure her husband and children of the maximum provision she can make for them. Her annual contributions are therefore:

For her husband's pension	23 × £1	7s.	3d.	=	£31	6s.	9d.
For her children's pensions	1 × 6 × 1s.	4d.	=			8s.	0d.
	2 × 6 × 2s.	9d.	=	£1	13s.	0d.	
				Total =	£33	7s.	9d.

Example 2—Woman teacher with dependent husband, dependent mother and two children

A woman teacher aged 40 wishes to provide for her dependent husband aged 50, her son aged 10 and her daughter aged 5 and her dependent mother aged 70. Her salary when making the nominations is £1,470 and she can therefore provide a maximum pension of $\frac{1}{3} \times £1,470 = £245$ each for her husband and her mother and £60 for each of her children. She decides to pay contributions which, in the event of her death will assure annual pensions of £150 for her husband, £100 for her mother and £50 for each of the children. Her annual contributions are therefore:

For her husband's pension	15 × 15s.	3d.	=	£11	8s.	9d.
For her mother's pension	10 × 5s.	8d.	=	£2	16s.	8d.
For her children's pensions	1 × 5 × 1s.	4d.	=		6s.	8d.
	1 × 5 × 2s.	9d.	=		13s.	9d.
				Total =	£15	5s. 10d.

Example 3—Woman teacher with dependent mother

A woman teacher aged 30 wishes to provide for her dependent mother aged 60. Her salary when making the nomination is £900 and she can therefore provide a maximum pension of $\frac{1}{6} \times £900 = £150$. She decides to pay contributions which, in the event of her death, will assure her mother of an annual pension of £150. Her annual contributions are therefore:

15 × 4s.	10d.	=	£3	12s.	6d.
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Example 4—Man teacher with dependent father

A man teacher aged 40 wishes to provide for his dependent father aged 70. His salary when making the nomination is £1,560 and he can therefore provide a maximum pension of $\frac{1}{6} \times £1,560 = £260$. He decides to pay contributions which, in the event of his death, will assure his father of an annual pension of £250. His annual contributions are therefore:

25 × 6s.	2d.	=	£7	14s.	2d.
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Example 5—Widowed teacher with two children

A widowed teacher aged 40 wishes to provide for her two children, one aged 10 and the other aged 5. She decides to pay contributions which, in the event of her death, will assure each child of the maximum annual pension of £80. Her annual contributions are therefore:

8 × 1s.	4d.	=		10s.	8d.
8 × 2s.	9d.	=	£1	2s.	0d.
				Total =	£1 12s. 8d.

